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FOR REPORTERS, NOTHING'S MORE HAZARDOUS THAN BEING THOUGHT A SPY By JOAN MOWER WASHINGTON

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The case of American newsman Nicholas Daniloff recalls a controversy 10 years ago that centered on the question of the relationship between U.S. reporters and the Central Intelligence Agency.

A Senate committee had revealed that 50 American journalists had been on the CIA payroll during the coldest of the Cold War years, in the 1950s, the 1960s and later.

In the resulting uproar, the CIA laid down rules that forbade the hiring of journalists for espionage.

The Senate committee, chaired by the late Sen. Frank Church, D-Idaho, did not name any individuals who had worked as spies or any news organizations which employed them, knowingly or otherwise.

It said the largest category it found of CIA relationships with U.S. media "includes free-lance journalists; 'stringers' for newspapers, news magazines and news services; itinerant authors; propaganda writers; and agents working under cover as employees of U.S. publishing houses abroad. "No one except the KGB has come forth to claim that Daniloff was a spy. His case remains to be resolved. Seized by KGB agents in Moscow on Aug. 30 after a Soviet acquaintance handed him a package, he was jailed and questioned daily.

On Friday, he won release from his KGB prison cell but he must stay in the U.S. Embassy in Moscow. The United States simultaneously allowed the release to the custody of the Soviet ambassador of Gennadiy Zakharov, a Soviet citizen arrested a few days earlier and accused of paying \$1,000 to an informant who turned out to be working for the FBI.

Daniloff, who has served two tours of duty as a Moscow reporter, first for United Press International and most recently for U.S. News & World Report, is no stranger to the peril that faces an American reporter assigned to gather information in a foreign land.

Testifying in 1978 before the Senate Select Committee on Intelligence, Daniloff insisted that a democratic society damages itself when it sends spies out under the cover of news gatherers.

He said: "The press, admittedly, is not a perfect institution, and its news gathering and news distributing processes are not without fault, but on the whole, the press tends to be self-correcting. I do not believe it would help the press in its essential purpose to be charged, in some covert manner, with ferreting out secrets for the benefit of intelligence agencies. Indeed, the notion of a secret assignment is quite antithetical to the openness and the truthfulness for which, I believe, the American press strives." As a Moscow correspondent I was occasionally arrested by vigilant citizens or authorities for activities which I consider to be relatively innocuous, such as investigating a train wreck, photographing the Kremlin Hospital, or taking notes of an evening rehearsal of the Nov. 7 military parade.

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"The next time this happens, I will take some slight comfort if I can immediately argue that it is well known the United States does not hire journalists to be spies. "Daniloff's editor, his colleagues and the U.S. government have energetically denied the Kremlin's charge that Daniloff, the U.S. News bureau chief in Moscow, was a spy.

"Nick Daniloff is no more a spy than John Wayne, and he's no more involved in espionage than Gidget," said Mortimer Zuckerman, chairman and editor-in-chief of U.S. News.

President Reagan in a personal letter assured Soviet leader Mikhail Gorbachev that Daniloff was not involved in espionage, and well-known colleagues like Jack Nelson, Washington bureau chief of the Los Angeles Times, consider the charges against Daniloff to be blatantly false.

Such protestations, however, may not hold much weight with Soviet bloc countries where journalists are routinely employed as spies, says Dana Bullen, executive director of the World Press Freedom Center in Reston, Va.

"I just take it for granted that these people (Soviet-bloc journalists) are agents," he said. "Because their journalists are spies, they assume all journalists are spies and it's not true. "When he testified in 1978, Daniloff was supporting enactment of a bill to prohibit paid or contractual relationships between intelligence agencies and journalists.

Daniloff criticized any covert government use of the press.

"To carry on a covert intelligence assignment as a journalist, or to masquerade as a journalist when one is actually a spy, can only promote the impression that journalists are not what they say they are," he said.

But like other reporters, Daniloff drew a clear distinction between a reporter being used by an intelligence agency, on the one hand, and a reporter using intelligence officials as sources of information in the normal course of news gathering.

"I believe ... journalists may benefit by seeking out intelligence officials for the purpose of eliciting information which is to be made public through newspaper articles, magazine dispatches and broadcasts," Daniloff said.

Congress never passed the 1978 bill, but the CIA issued internal regulations in Febuary 1976 and in December 1977 barring such arrangements between reporters and intelligence agencies.

The 1977 regulation is still in effect, according to CIA spokeswoman Kathy Pherson, who said it prohibits the CIA from hiring part-time and full-time journalists accredited to U.S. news organizations and from using journalism as a cover for intelligence agents.

But the regulation does not prevent anyone from furnishing information which may be useful to the government. Thus, the CIA is still permitted to have unpaid relationships with journalists.

Former CIA Director Stansfield Turner, head of the agency during the Carter administration, said he waived the 1977 rule twice.

"There were two instances when media help was needed during my tenure and I gave my approval," he wrote in his book, "Secrecy and Democracy." In one case involving the Iran hostage crisis, Turner said he never used the individual.

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Neither Pherson at the CIA nor the House intelligence committee staffers said they had any information on whether CIA Director William Casey has sought waivers since President Reagan took office in January 1981.

MORE Daniel Schorr, a senior analyst for National Public Radio and a long-time national security reporter, said it would be disastrous for the CIA to use reporters. "I do clearly hope they abide by the regulation" in the "current gung-ho" administration, Schorr said.

He noted that the 1977 CIA regulation has loopholes. For instance, it does not apply to administrative and technical employees of American organizations. Unaccredited free-lance writers are not covered.

Nelson, at the Los Angeles Times, said he had no reason to think the CIA has ignored its guidelines on journalists. Both parties are so touchy that he said he doubts they would enter into a relationship.

Reed Irvine, the head of Accuracy in Media, a conservative watchdog group, said it "would be pretty dangerous" for the CIA to recruit journalists. "They are such untrustworthy people, they would probably write a story about it," he said.

So sensitized was Daniloff to the issue that once, while he was working in this country, when an FBI agent approached him, and asked him to pose a specific question to a Soviet diplomat, he wouldn't. "I refused because I thought that was being an agent of the FBI," he said.

In 1976, the Church investigation concluded that about half the 50 American newspeople who had served on the CIA payroll had "paid relationships, ranging from salaried operatives working under journalistic cover, to U.S. journalists serving as 'independent contractors' for the CIA and being paid regularly for their services, to those who receive only occasional gifts and reimbursements from the CIA. "Wilbur Landrey, a veteran foreign correspondent who is now the foreign editor of the St. Petersburg Times, said he saw no evidence of CIA involvement with the media overseas.

"There were rumors, but that was all," said Landrey, who spent 23 years abroad and said he was never approached by an agent and didn't know anyone who was.

Still, revelations about the CIA's past use of journalists cast a "tremendous cloud" over foreign correspondents, Bullen said.

The lingering effects of the CIA's actions have been felt personally by some reporters.

Los Angeles Times reporter Robert Toth was accused by the Soviets in 1977 of spying for the United States and was detained by Soviet authorities in Moscow for a week.

Toth "felt very burned by it," said Nelson, his boss. "It was a very unpleasant experience." Toth was traveling in Asia and could not be reached for comment.

And Sam Jaffe, a former news correspondent in Moscow, Hong Kong and Washington, spent 15 years clearing his name of allegations that he was either a KGR agent or a CIA agent. He died last year at age 55.

"It ruined his career," said Jeune Jaffe, his widow of Bethesda, Md. "He spent the last 10 years of his life fighting the rumors and then he died."Former CIA Director William Colby sent Jaffe a letter saying the agency had no infrmation that Jaffe was ever an agent of the CIA or a foreign intelligence operation.

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